



Kansas Department of Credit Unions

KDCU Newsletter

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THIS ISSUE AT A GLANCE :

- Permanent Rules Adopted
- Data Collection for Congress Update
- Credit Union Council Meets
- Credit Union Council Nominees Sought
- New Examiners Hired

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PERMANENT RULES ADOPTED

Kansas Administrative Rules (K.A.R.) 121-5-1, 121-5-3, 121-7-1 and 121-8-1 were adopted as permanent rules by the Administrator, Kansas Department of Credit Unions (KDCU) on November 17, 2006. Permanent rules are effective 15-days following their publication in the Kansas Register. The rules were published on November 30 hence the rules become effective December 15, 2006.

The public hearing was held on November 15. Comments were received for K.A.R. 121-8-1 from one credit union and the Kansas Credit Union Association. The comments were considered by the administra-

tor prior to adopting the final rules.

K.A.R. 121-5-1 amends the current rule deleting certain definitions, and adding new definitions that relate to K.A.R. 121-5-3 which adopts by reference the applicable sections of the National Credit Union Administration's (NCUA) Part 702 Prompt Corrective Action (PCA). KDCU has been enforcing PCA for several years and with adoption of 121-5-1 to 3, will now follow Kansas statutes and rules instead of NCUA Rules. K.A.R. 121-5-2 was revoked.

K.A.R. 121-7-1 describes conditions that must exist for credit union activities to be defined as

"incidental powers". A recommendation that "incidental powers and activities" be defined is included in the recent Kansas Legislative Post Audit report of KDCU.

K.A.R. 121-8-1 describes conditions that must exist that are "unsafe and unsound". The rule will clarify for credit unions what are "unsafe and unsound" conditions and provide guidance for KDCU in citing violations. Comments received suggesting rewording 12-8-1(d) or deletion of the section. After consideration of the comments, no changes were made in the final rule.

Rules currently in effect are being reviewed; revision of additional rules may follow as KDCU's review process continues.

CREDIT UNION COUNCIL MEETS

The Credit Union Council met on December 7, 2006 as required by statute. Council members present were Erich Schaefer, Chair, Mark Bezdek, Secretary, Mark Kolarik, Denise Bonner, Lee Williams, Garth Strand and William McCurley.

The Council received the following reports:

- ◆ Credit Union Status Reports

- ◆ KDCU Financial Reports
- ◆ Report from the Administrator
- ◆ Reports from Kansas Credit Union Association and Kansas Corporate Credit Union

The next meeting of the Credit Union Council will be on March 8, 2007. The seven-member council is appointed by the Governor to advise the Administrator on issues and needs of credit

unions. You are invited and encouraged to attend council meetings.

Two Council positions are open in March 2007, if you are interested in being appointed or know someone who might serve, please contact John P. Smith, Administrator, KDCU at (785) 296-3021 or at john.smith@kdcu.ks.gov by December 22, 2006.

DATA COLLECTION ENDS

Data collection by KDCU from Kansas credit unions for the NASCUS project as requested by the U.S. House Ways and Means Committee has been completed. We thank those credit unions who were selected for participating. The final report will be prepared by NASCUS and available early 2007.

NCUA has issued the results of their member assessment project; the report is at <http://www.ncua.gov/ReportsAndPlans/MSAP/MSAP-Pilot.pdf>

NEW EXAMINERS BEGIN

Nikki Lewman and Jonathan Hankin begin employment with KDCU on November 27th. They replace retiring examiner Steve Borchers and Andrew Numelin who is now employed by NCUA.

Jonathan earned an undergraduate degree in economics from the University of Kansas and a graduate degree from the University of Missouri. He has previous credit union examiner experience and will examine in the eastern area of the state.

Nikki earned a BS degree in management from Friends University. She has credit union and banking

experience and will be examining in the western area of the state.

BULLETINS ISSUED

Since August 22, 2006 KDCU has issued five bulletins. To reduce mailing costs, bulletins and newsletters are sent to credit unions attached to e-mails and are available on KDCU's web site.

Bulletins should be copied to the board of directors. Contact KDCU if you did not receive the bulletin listed below.

- 2006-KDCU-CUB-05 Evaluation of Earnings

- 2006-KDCU-CUB-06 Second Quarter 2006 Call Report Statistics
- 2006-KDCU-CUB-07 FFIEC Guidance on Authentication in an Internet Banking Environment
- 2006-KDCU-CUB-08 The Financial Services Regulatory Relief Act of 2006
- 2006-KDCU-CUB-09 Third Quarter 2006 Call Report Statistics

FINANCIAL LITERACY

For the public maintaining financial literacy is a life long project from learning in K-1 to 12 classes, selecting the 'right' financial institution, opening the first account, financing a college education, obtaining an automobile or home loan at the 'best' interest rate and terms, understanding and maintaining the credit score, and saving for retirement.

Credit unions can be a *vital* influence in these decisions. Through newsletters, web sites, promotional brochures, counseling and signage, members and potential members can be informed about financial literacy. Many programs are available to inform consumers about using credit responsibly, avoiding financial and investment scams and avoidance of identity theft.

These programs are sponsored by CUNA, FDIC, FTC, Jump\$art Coalition and many credit unions and other financial organizations.

Credit unions have a unique opportunity to inform and influence members about financial literacy and common sense financial decisions. To develop and promote a program to accomplish this is an imperative function in this day and age for all credit unions.

Kansas Department of Credit Unions Staff

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